

HOUSE BILL 994

C8

2lr2514

By: **Delegates Mizeur and Vaughn**

Introduced and read first time: February 10, 2012

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Small Business Resources Workgroup**

3 FOR the purpose of establishing the Maryland Small Business Resources Workgroup;
4 providing for the composition, chair, and staffing of the Workgroup; prohibiting
5 a member of the Workgroup from receiving certain compensation, but
6 authorizing the reimbursement of certain expenses; requiring the Workgroup to
7 study and make recommendations regarding certain matters; requiring the
8 Workgroup to report its findings and recommendations to the Governor and the
9 General Assembly on or before a certain date; providing for the termination of
10 this Act; and generally relating to the Maryland Small Business Resources
11 Workgroup.

12 Preamble

13 WHEREAS, The Linked Deposit Program in the Department of Housing and
14 Community Development is a statewide initiative designed to stimulate growth
15 opportunities for certified minority business enterprises by reducing the interest rate
16 on loans the businesses obtain from participating banks and by providing access to
17 affordable capital to grow and expand minority business enterprises; and

18 WHEREAS, Certified minority business enterprises that qualify for the Linked
19 Deposit Program in the Department of Housing and Community Development can
20 receive a 2% discount on their loans from participating financial institutions; and

21 WHEREAS, To qualify for the Linked Deposit Program in the Department of
22 Housing and Community Development, a borrower must notify the Department prior
23 to obtaining a qualifying loan from a financial institution enrolled in the Linked
24 Deposit Program, be certified by the Maryland Department of Transportation as a
25 minority business enterprise, and be using the loan for a project or activity located in
26 Maryland; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Loans enrolled in the Linked Deposit Program are not a debt of the
2 State, nor is the State liable to any financial institution for payment of the principal or
3 interest on a loan assisted by a linked deposit; and

4 WHEREAS, According to the U.S. Small Business Administration report,
5 Maryland small businesses represent 98% of employers in the State; and

6 WHEREAS, The Linked Deposit Program provides the opportunity for
7 Maryland small businesses to leverage \$50 million in State-backed funds to reduce
8 the cost of capital for certified minority business enterprises; and

9 WHEREAS, In 2010, only \$4 million in Linked Deposit Program resources was
10 utilized by Maryland minority business enterprises because of a reluctance among
11 lenders to issue loans to qualified minority business enterprises; now, therefore,

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That:

14 (a) There is a Maryland Small Business Resources Workgroup.

15 (b) The Workgroup consists of the following members:

16 (1) two members of the Senate of Maryland, appointed by the
17 President of the Senate;

18 (2) two members of the House of Delegates, appointed by the Speaker
19 of the House;

20 (3) the Secretary of Business and Economic Development, or the
21 Secretary's designee;

22 (4) the Secretary of Housing and Community Development, or the
23 Secretary's designee;

24 (5) the Secretary of Transportation, or the Secretary's designee;

25 (6) the State Treasurer, or the Treasurer's designee;

26 (7) the Executive Director of the Governor's Office of Minority Affairs,
27 or the Executive Director's designee;

28 (8) one member of the Maryland Bankers Association Board of
29 Directors, appointed by the Board of Directors;

30 (9) the Executive Director of the Maryland Small Business
31 Development and Financing Authority, or the Executive Director's designee;

1 (10) one member of the Maryland Chamber of Commerce Board of
2 Directors, appointed by the Board of Directors; and

3 (11) the President of the Maryland Washington Minority Contractors
4 Association, or the President's designee.

5 (c) From among its members, the Workgroup shall elect a chair.

6 (d) The Department of Business and Economic Development and the
7 Department of Housing and Community Development shall provide staff for the
8 Workgroup.

9 (e) A member of the Workgroup:

10 (1) may not receive compensation as a member of the Workgroup; but

11 (2) is entitled to reimbursement for expenses under the Standard
12 State Travel Regulations, as provided in the State budget.

13 (f) The Workgroup shall:

14 (1) study how funds are currently being spent through the Linked
15 Deposit Program in the Department of Housing and Community Development;

16 (2) study ways to increase and maximize future funds made available
17 through the Linked Deposit Program;

18 (3) study the factors causing lenders in Maryland to refrain from
19 issuing loans through the Linked Deposit Program;

20 (4) consider alternative methods of financing for the Linked
21 Deposition Program that would increase a lender's likelihood of participating in the
22 Program; and

23 (5) make recommendations that seek to ensure the long-term success
24 of the Linked Deposit Program.

25 (g) On or before December 1, 2012, the Workgroup shall report its findings
26 and recommendations to the Governor and, in accordance with § 2-1246 of the State
27 Government Article, the General Assembly.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2012. It shall remain effective for a period of 1 year and, at the end of June 30,
30 2013, with no further action required by the General Assembly, this Act shall be
31 abrogated and of no further force and effect.